

# **SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

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Steve Levy  
Suffolk County Executive

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ACCEPTED BY THE BOARD 9/27/11

## MINUTES IDA REGULAR MEETING AUGUST 25, 2011

### PRESENT

Jim Morgo, Chairman  
David Rosenberg, Vice Chairman  
Peter Zarcone, Treasurer  
Steve Rossetti, Secretary  
Elizabeth Custodio, Member  
Alan J. Ehl, Member

### EXCUSED ABSENCE

Yves Michel, Member

### ALSO PRESENT

Bruce E. Ferguson, Executive Director  
Daryl Leonette, Secretary  
Regina Halliday, Bookkeeper  
William Wexler, Esq., Agency Counsel  
William Weir, Esq., Bond Counsel  
Wayne Horsley, Suffolk County Legislator  
James T. Madore, Sr. Business Writer/Economy, Newsday

The Regular Meeting of the Suffolk County Industrial Development Agency held in the Conference Room of the Agency, 100 Veterans Memorial Highway, H. Lee Dennison Building, 3<sup>rd</sup>. Floor, Hauppauge, NY was called to order at 12:40 p.m.

Minutes

The Minutes of the June 23, 2011 IDA Meeting were accepted.

Astellas/OSI Pharmaceuticals: Request for an inducement resolution for a lease transaction.

Mr. Ferguson presented Exhibit A. Mr. Ferguson indicated that OSI does pharmaceutical research and development related to cancer and oncology drugs. OSI was acquired by Astellas US Holding, Inc. a Japanese company in May 2010. OSI/Astellas currently occupies 1 Bioscience Park, a 62,000 square foot facility at SUNY Farmingdale's Broad Hollow Bioscience Park and it proposes to expand and occupy the entire 40,000 square feet of the vacant facility at 3 Bioscience Park. Currently Astellas has 15,000 employees worldwide and the OSI/Astellas operation in Farmingdale have 113 employees with an annual payroll of \$12,709,434 and an average salary of \$112,473. Once the expansion is completed OSI/Astellas would have 24 new employees for a total 137 employees with an annual payroll of \$16,589,434 and an average salary of \$121,091. OSI/Astellas is also considering undertaking this expansion at one of its other facilities in either Glenview, Illinois or Santa Monica, California. Mr. Ferguson noted that OSI/Astellas leases the facilities at Broad Hollow Bioscience Park from New York State and that the State does not charge OSI/Astellas real property tax. Therefore, Suffolk County IDA benefits would be limited to the renovations and equipping that this project would entail. Mr. Morgo noted that helping OSI/Astellas to expand here is a key component to developing a bioscience cluster on Long Island.

Mr. Ferguson introduced Ms. Minah Hall, Director, Ms. Natalie Matwijiszyn, tax consultants to OSI/Astellas from True Partners Consulting. Mr. Rosenberg asked when construction would begin and Ms. Hall indicated that OSI/Astellas would like to start as soon as possible pending final lease negotiations with the State and be complete by December 2012. Mr. Horsley asked if this was an existing building and Ms. Hall responded that it is. Mr. Rosenberg asked what type of employees would be here and Ms. Hall responded that it would be scientists, researchers, lab technicians as well as administrative. Mr. Rossetti suggested that the Company employ recent SUNY Farmingdale graduates whenever possible.

Mr. Morgo thanked Ms. Hall and Ms. Matwijiszyn and they left the Meeting.

After discussion and upon a motion by Mr. Rosenberg, seconded by Mr. Ehl, it was:

RESOLVED, to approve an inducement resolution for an approximately \$20,000,000 lease transaction for Astellas/OSI Pharmaceuticals LLC facility.

Unanimously carried 6/0.

Mr. Rosenberg inquired what other benefits will OSI/Astellas get. Mr. Ferguson responded that they are eligible for approximately \$2.1 million from Empire State Development Corp.

Marchon Eyewear: Request for an inducement resolution for a lease transaction.

Mr. Ferguson presented Exhibit B. Mr. Ferguson indicated that Marchon is a worldwide manufacturer and distributor of eyewear. Mr. Ferguson indicated that Marchon is currently leasing 62,000 square feet of office space for their worldwide corporate headquarters at 201 Old Country Road, Melville and they also own 35 Hub Drive (101,800 square feet) and 50 Hub Drive (39,720 sq. ft.) in Melville. The 35 Hub Drive facility is used for warehouse and distribution and Marchon is considering locating an ophthalmologic lab there. Marchon is proposing to renovate and equip the leased space at 201 Old Country Road as well as to renovate and equip both 35 and 50 Hub Drive. Total investment in renovations and equipment would be approximately \$11 million. Marchon currently has a total of 1,790 employees with 528 employees and an annual payroll of \$32 million in Suffolk County. If Marchon goes forward with this project they will add 25 new employees bringing the total to 553 employees with an annual payroll of \$33 million. Marchon is also considering locating the ophthalmologic lab operations at affiliated locations in Columbus, Ohio and/or Sacramento, California or overseas to a new facility in China. Mr. Ferguson indicated that based upon that investment IDA sales tax exemption would provide a savings of approximately \$600,000. In addition Mr. Ferguson indicated that they are also requesting real property tax relief for their 3 facilities. Mr. Morigo indicated that he felt that the real property tax relief would need to be looked at further and decided upon at a future meeting. Mr. Rossetti indicated that 25 new jobs may not seem like a lot but retaining over 528 existing jobs is very important.

Mr. Morigo introduced representatives from Marchon to the Board, Tom Stringer, Principal, Ryan Innovative Solutions to Taxing Problems; Joseph Gioino, Manager, Credits and Incentives, Ryan, consultants for Marchon as well as Rick Tower, Director of Operations for Marchon Eyewear. Mr. Stringer indicated that in order for Marchon to continue operations on Long Island and keep approximately 520 employees here they need to reduce costs. Mr. Stringer noted that other Marchon facilities are in less costly areas and that Marchon senior management is seriously considering gradually relocating Long Island operations to these other facilities. If costs can be contained Marchon would consider locating an ophthalmologic lab here bringing 25 new high paying jobs. Mr. Stringer noted that high costs on Long Island caused one of Marchon's major competitors Luxottica to relocate a significant number of employees out of Port Washington to less costly facilities in Georgia and Ohio. Mr. Morigo asked Mr. Stringer to explain what exactly is Marchon looking for. Mr. Stringer responded that Marchon would like sales tax exemption for the renovations and equipment and a PILOT on all 3 properties that would provide some cost certainty. Ms. Custodio asked how long was the lease and Mr. Stringer replied 11 years.

Mr. Morigo thanked Messrs. Stringer, Gioino and Tower and they left the Meeting. Mr. Rosenberg said I think it makes a lot of sense to keep Marchon on Long Island.

After further discussion, and upon a motion by Mr. Rosenberg, seconded by Mr. Rossetti, it was:

RESOLVED, to approve a preliminary inducement resolution for an approximately \$27,540,000 lease transaction for the Marchon Eyewear, Inc. facility.

Unanimously carried 6/0.

Mr. Weir indicated that Engel Burman is refinancing the East Northport property and they need Agency consent to amend and refinance the mortgage. Mr. Rosenberg asked if it was up and running and Mr. Weir indicated that it was.

After further discussion and upon a motion by Mr. Zarcone, seconded by Mr. Ehl, it was:

RESOLVED, to consent to amending and refinancing the mortgage on the Engel Burman East Northport facility.

Unanimously carried 6/0.

Mr. Ferguson noted that the contract between Suffolk County and its employees was adopted in May 2011. He indicated that the Suffolk County IDA follows the County contract and therefore the Agency needs to adopt it. He noted that the contract covers 4 years with 0% increases in 2009 and 2010 and 2% increases in 2011 and 2012.

After further discussion and upon a motion by Mr. Zarcone, seconded by Mr. Rosenberg, it was:

RESOLVED, to approve the Suffolk County contract for Suffolk County IDA employees.

Upon a motion by Mr. Zarcone, seconded Mr. Rossetti, it was:

RESOLVED, to adjourn the Regular Meeting of the Suffolk County Industrial Development Agency.

Unanimously carried 6/0.

The Meeting adjourned at 1:45 p.m.

The next Regular Meeting of the Suffolk County Industrial Development Agency is tentatively scheduled for September 27, 2011.

# SCIDA PROJECT ABSTRACT

Exhibit A

MEETING DATE: August 25, 2011

CONTACT: Stephen Knowles, Treasurer  
PHONE #: (847) 317-8862

APPLICANT NAME: OSI Pharmaceuticals LLC  
AND ADDRESS One Bioscience Park Drive  
Farmingdale, NY 11735

PRINCIPALS: Astellas US Holding, Inc./Astellas Pharma US Inc. Japan

PRODUCT/SERVICES: Pharmaceutical research & development related to cancer/oncology drugs

PRESENT FACILITIES: Own \_\_\_\_\_ Lease X Acreage 20 Sq. Ft. 56,000

NEW LOCATION/TAX MAP #: 1 & 3 Bioscience Park Drive, Farmingdale

PROJECT DESCRIPTION: To renovate and equip remaining 6,000 sq. ft. in One Bioscience Park Drive and 40,000 sq. ft. of Three Bioscience Park Drive for expanded research and development, vivarium and support services.

## PROJECT COSTS:

AUTHORIZATION SOUGHT: \$20,000,000 Lease Transaction

### LAND

#### EXISTING BUILDING

REHAB. OF EXISTING BUILDING 13,000,000

#### CONSTRUCTION NEW BUILDING

#### ADDITION OR EXPANSION

ENGINEERING & ARCHITECTURAL FEES 1,500,000

EQUIPMENT 2,500,000

LEGAL FEES (BANK, BOND & COMPANY) 200,000

#### FINANCE CHARGES

OTHER FEES/CHARGES 2,800,000 Permits; management fees; moving, etc.

#### RESERVE (DEBT SERVICE & OPERATING)

## TOTAL PROJECT COSTS

\$20,000,000

## EMPLOYMENT:

	<u># OF EMPLOYEES</u>	<u>ANNUAL PAYROLL</u>	<u>AVERAGE SALARY</u>
PRESENT (All Facilities) Worldwide	15,000		
PRESENT (Suffolk County Only)	113	12,709,434	112,473
PROPOSED 1ST. YEAR	125	14,729,434	117,835
2ND. YEAR	137	16,589,434	121,091

## COMMENTS:

# SCIDA PROJECT ABSTRACT

Exhibit B

MEETING DATE: August 25, 2011

CONTACT: Erie Tower, Sr. Director Oper.  
PHONE #: (631) 755-2020

APPLICANT NAME: Marchon Eyewear, Inc.  
AND ADDRESS 201 Old Country Road  
Melville, NY 11747

PRINCIPALS: VSP Holding Co., Inc.

PRODUCT/SERVICES: Worldwide manufacturer and distribution of eyewear

PRESENT FACILITIES: Own 2 Lease 1 Acreage 27.7 Sq. Ft. 203,520

NEW LOCATION/TAX MAP #: 201 Old Country Road; 35 Hub Drive & 50 Hub Drive, Melville

PROJECT DESCRIPTION: Project involves the renovation and equipping of 201 Old Country Road, 35 Hub Drive and 50 Hub Drive in Melville. 201 Old Country Road (62,000 sq. ft.) will be used as the global corporate headquarters; 35 Hub Drive (101,800 sq. ft.) will be used as an ophthalmologic lab, warehouse and distribution; 50 Hub Drive (39,720 sq. ft.) will be used for warehouse and distribution.

## PROJECT COSTS:

AUTHORIZATION SOUGHT: \$27,540,000

LEASE PAYMENTS (11 YEARS)	16,800,000
REHAB. OF EXISTING BUILDINGS	5,490,000
CONSTRUCTION NEW BUILDING	
ADDITION OR EXPANSION	
ENGINEERING & ARCHITECTURAL FEES	
EQUIPMENT	5,250,000
LEGAL FEES (BANK, BOND & COMPANY)	
FINANCE CHARGES	
OTHER FEES/CHARGES	
RESERVE (DEBT SERVICE & OPERATING)	

TOTAL PROJECT COSTS \$27,540,000

## EMPLOYMENT:

	<u># OF EMPLOYEES</u>	<u>ANNUAL PAYROLL</u>	<u>AVERAGE SALARY</u>
PRESENT (All Facilities) Worldwide	1,790		
PRESENT (Suffolk County Only)	528	32,000,000	60,606
PROPOSED 1ST. YEAR	538	32,500,000	60,401
2ND. YEAR	553	33,000,000	59,675

COMMENTS: